

NOTICE OF INTENT

Department of Insurance Commissioner of Insurance

Regulation 59—Health Insurance Data Collection Program

Under the authority of R.S. 22:3 and 22:9.1, the Department of Insurance gives notice that the following proposed regulation is to become effective June 20, 1996. This intended action complies with the statutory law administered by the Department of Insurance.

Proposed Regulation 59 **Health Insurance Data Collection Program**

Section 1. Purpose

The purpose of this rule is to implement the requirements of R.S. 22:9.1. The intent of R.S. 22:9.1 is to establish a health insurance data collection program for the state of Louisiana. The health insurance data collection program's intent is to establish and maintain an information collection program to gather data demonstrating the availability and affordability of health insurance coverage in the state. Such data and analysis of the data is to be used to evaluate the performance of past and future health care and health insurance reform measures.

Section 2. Authority

This regulation is promulgated by the Department of Insurance under the authority granted by R.S. 22:3 and 22:9.1, and the Administrative Procedures Act, R.S. 49:950 et seq.

Section 3. Applicability and Scope

R.S. 22:9.1 applies to all health insurance coverage in the state. For purposes of this regulation, health insurance shall mean, and data shall be reported from, all who issue group accident and health insurance policies, group certificates, or other entities that engage in the furnishing of hospital services, medical or surgical benefit plans, health maintenance organization plans or subscriber agreements, and partially self-insured health benefit plans, individually underwritten limited benefit and supplemental health insurance policies, family group, blanket, franchise, and individual health and accident insurance policies written or issued in the state of Louisiana.

Section 4. Definitions

Administrative Service Fees—fees earned to provide self-insured and/or partially self-insured employers with certain administrative services in the delivery of health care services to employees. Such fees shall include operational expenses, actuarial, marketing, commissions, legal, and research and development, but shall not include risk or pooling charges or stop-loss premiums.

Group Carrier—any entity writing, delivering or issuing for delivery in the state of Louisiana accident and health insurance policies, group certificates, medical or surgical benefit plans, health maintenance organization plans or subscriber agreements, partially self-insured health benefit plans, or other entity that engages in the furnishing of hospital, medical or surgical services to employers who employed on at least 50 percent of its working days during the preceding year more than 35 employees.

Health Maintenance Organizations (HMOs)—an entity as defined in R.S. 22:2002.7.

Individual Carrier—any entity writing, delivering or issuing for delivery in the state of Louisiana any hospital, health or medical expense insurance policy, hospital or medical services contract, health and accident insurance policy, health maintenance organization subscriber agreement, or any other insurance contract of this type covering any one person with or without eligible family members. Not included under this definition are continuation or conversion policies, or insurance policies written to cover specified disease, hospital indemnity, accident only, credit, dental, disability income, Medicare supplementary or long-term care, or other limited, supplemental benefit insurance policies. *Individual policy* shall also mean a policy issued to an individual or individual member of an association where the individual pays for the entire premium.

Limited Benefit Policy—for purposes of this regulation, any health and accident policy designed, advertised, and marketed to supplement major medical insurance, specified disease, dental, fixed indemnity, vision, and any other health and accident or health maintenance organization subscriber agreement. *Limited benefit policy* shall include the Louisiana Basic Health Insurance Plan Pilot Program (LA Health), but shall not include Medicare supplement insurance.

Medicare Supplement Carrier—any entity writing, delivering or issuing for delivery in the state of Louisiana a Medicare supplement policy.

Small Group Carrier—any entity writing, delivering or issuing for delivery in the state of Louisiana group accident and health insurance policies, group certificates, medical or surgical benefit plans, health maintenance organization plans or subscriber agreements, partially self-insured health benefit plans, or other entity that engages in the furnishing of hospital, medical or surgical services to employers who employed no

less than three nor more than 35 eligible employees on at least 50 percent of its working days during the preceding year.

Supplement Carrier—any entity writing, delivering or issuing for delivery in the state of Louisiana a limited benefit policy.

Third-party Administrator—any individual, partnership, corporation, or other person as defined in R.S. 22:3031.1.

Section 5. Data Submission and Penalties

A. All data shall be submitted annually in a written format and shall include all data required in Section 7 of this regulation. The statements filed shall contain the letters and captions of all data elements. The text of the data elements may be omitted provided in the answers thereto are stated in such a manner as to clearly indicate the scope and coverage of the data elements. Unless expressly provided otherwise, if any data element is inapplicable, an appropriate statement to that effect shall be made.

All information shall be filed with the Commissioner of Insurance before the first day of March by U.S. Mail, or as provided in Rule 12. Filings should be addressed to: Insurance Commissioner of the State of Louisiana, Box 94214, Baton Rouge, LA 70804-9214.

B. Failure to timely submit this information will lead to penalties as provided in R.S. 22:1457.

Section 6. Categories to be Submitted

A. Each carrier, health maintenance organization or third-party administrator shall submit to the Louisiana Department of Insurance the data elements contained in Section 7 according to the following lines or blocks of their business:

1. group,
2. small group,
3. individual,
4. supplementary,
5. Medicare supplement.

B. For entities that transact more than one of the above lines of business, the data elements in Section 7 should be reported separately according to each line of business.

C. For entities that transact business in both the HMO market and the indemnity market, the two should also be reported separately for each of the data elements in Section 7.

Section 7. Data Elements to be Reported

A. Number of health insurance policies in force as of December 31.

B. Number of fully insured lives (including all participating funding arrangements) including dependents covered as of December 31. Where composite rating utilized, use actuarial assumptions for estimating the number of lives.

C. Direct fully-insured premiums written during the year ending December 31.

D. All administrative services fees earned as of December 31.

E. Dividends paid or credited on direct business as of December 31.

F. Direct losses incurred during the period from January 1 to December 31. This number is calculated as Paid Claims + Change in IBNR + Change in Reserves.

G. Number of new health insurance policies written during the period of January 1 to December 31.

H. Net gain or loss in the number of fully insured lives (including all participating funding arrangements) written during the period from January 1 to December 31. Where composite rating utilized, use actuarial assumptions for estimating the number of lives.

I. Average annual premium per life as of December 31. This number should be based on the annualized premium in force divided by the number of insured lives in force at December 31.

J. Lowest premium rate charged per life as of December 31.

K. Highest premium rate charged per life as of December 31.

L. Percentage of the number of fully insured lives paying a rate above the average premium per life as of December 31.

M. Indicate the overhead/administrative load (premiums minus claims) for the fully insured block (including all participating funding arrangements) of business as of December 31. This should be calculated as a percentage.

N. Indicate whether there is a minimum percentage of employees required to participate in the groups that your company will consider insuring and if so, what that participating percentage is.

O. Indicate the group sizes which would require individual underwriting of group members based on your companies underwriting requirements:

1. 5 or fewer _____
2. 10 or fewer _____
3. 15 or fewer _____
4. 25 or fewer _____
5. 35 or fewer _____
6. 50 or fewer _____

7. Other (Please Specify) _____

8. Do not individually underwrite
group applicants _____

P. Please indicate the percentage of insured lives covered under policies with the annual deductible-per-person listed below. Where composite rating utilized, use actuarial assumptions for the number of lives.

1. \$ 0 - 100 _____

2. 101 - 200 _____

3. 201 - 300 _____

4. 301 - 500 _____

5. 501 - 800 _____

6. 801 - 1,000 _____

7. More than 1,000 _____

8. No deductible used _____

Q. Please indicate the percentage of insured lives covered under policies with coinsurance requirements listed below. Where composite rating utilized, use actuarial assumptions for the number of lives. Please round off to the higher coinsurance if level not given.

1. 10 percent _____

2. 20 percent _____

3. 30 percent _____

4. 40 percent _____

5. More than 40 percent _____

6. Do not use coinsurance _____

R. Please indicate the percentage of insured lives covered under policies with lifetime maximum benefit levels listed below. Where composite rating utilized, use actuarial assumptions for the number of lives.

1. \$100,000 - 250,000 _____

2. 251,000 - 500,000 _____

3. 501,000 - 750,000 _____

4. 751,000 - 1,000,000 _____

5. More than 1,000,000 _____

6. No lifetime limit _____

S. Please indicate the percentage of insured lives covered under policies with out-of-pocket limits listed below. Where composite rating utilized, use actuarial assumptions for the number of lives.

1. \$ 0 - 250 _____

2. 251 - 500 _____

3. 501 - 1,000 _____

4. 1,001 - 1,500 _____

5. More than 1,500 _____

Section 8. General Provisions

A. Prior to any distribution of the analysis of these data elements as required by R.S. 22:9.1, the data elements and the analysis of such elements shall be reviewed by a qualified actuary.

B. As required by R.S. 22:9.1.E, the data submitted by carriers shall not be subject to public disclosure and shall be afforded confidentiality by those reviewing the data. Data is only to be released in a composite form so as not to reveal the identity of any single carrier or individual.

A public hearing on this proposed regulation will be held on April 26, 1996 in the Plaza Hearing Room of the Insurance Building at 950 North Fifth Street, Baton Rouge, Louisiana at 9 a.m. All interested persons will be afforded an opportunity to make comments.

Interested persons may obtain a copy of this proposed regulation from, and may submit oral or written comments to Denise Cassano, Assistant Director, Louisiana Health Care Commission, Louisiana Department of Insurance, Box 94214, Baton Rouge, LA 70804-9214, telephone (504) 342-0819 or 342-5075. Comments will be accepted through the close of business at 4:30 p.m. on April 26, 1996.

James H. "Jim" Brown
Commissioner of Insurance

FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES RULE TITLE: Regulation 59—Health Insurance Data Collection Program

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

It is not anticipated that adoption of Regulation 59 would result in any implementation costs (savings) to the Department of Insurance; however, should any costs result from the adoption of Regulation 59, such costs would

be absorbed by the Department of Insurance within its existing appropriation.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

Adoption of Regulation 59 may result in penalties paid to the Department of Insurance; however, there is insufficient data available at this time to determine the extent of those penalties or the impact of such penalties on state or local governmental units. If any additional revenue were collected by the Department of Insurance as a result of the adoption of Regulation 59, that revenue would be deposited in the department's self-generated revenue fund.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS (Summary)

There is not sufficient data available at this time to determine if there could be any costs and/or economic benefits to the health care insurers or insureds as a result of this proposed regulation.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

It is not anticipated that adoption of Regulation 59 would have any effect on employment or competition.

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